

Biotech Investors Warn Against Innovation-Killing Policies at Expert Panel

WASHINGTON (DECEMBER 18) -- The federal government may soon kneecap the life sciences industry, prominent biotech investors warned Thursday during a panel discussion organized by the Incubate Coalition.

"Biotech companies have developed lifesaving COVID vaccines, as well as numerous other treatments, in record time this year despite unprecedented challenges," said John Stanford, executive director of [Incubate](#) and moderator for Thursday's event. "Unfortunately, new policies are under consideration that could upend the research ecosystem that makes such innovation possible."

The panelists singled out two policies that pose a risk to industry investments in particular: the Trump administration's Most Favored Nation interim final rule, which is expected to be implemented in the new year, and House Democrats' H.R. 3. Both would impose price controls on cutting-edge medicines and thereby discourage investment in high-risk ventures. H.R. 3 alone could prevent the development of [100 new medicines](#) in the coming decade, according to the White House Council of Economic Advisors.

The panelists stressed that U.S. scientists, backed by tens of billions in private capital, are on the verge of developing effective treatments for several debilitating diseases. Roughly [two-thirds](#) of all new FDA-approved drugs originate at small biotech startups, which are largely funded by venture capitalists.¹ Venture firms invested [\\$23 billion in over 1,300 biotech deals](#) in 2018 alone. Price controls would disproportionately harm these small but innovative biotech companies.

Several leading biotech investors spoke on the panel, including:

- Johannes Fruehauf, M.D., Ph.D., general partner at Mission BioCapital;
- Julie Grant, general partner at Canaan Partners;
- Ravi Mehrotra, Ph.D., founder and CEO at 5point0;
- Sara Nayeem, M.D., partner at NEA.

"Extremely novel treatments require significant capital to make it to the clinic. Cell therapy, mRNA, gene therapy, gene editing -- all of these technologies were incubated and grown within small biotech firms," said Sara Nayeem, M.D., partner at NEA.² "Price controls and scorched-earth policies will negatively impact the interest people have in funding this type of innovation."³

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About Incubate

Incubate is a coalition of venture capital organizations representing the patient, corporate, and investment communities. Our primary aim is to educate policymakers on the role of venture in bringing promising ideas to patients in need.

¹ <https://www.technologyreview.com/2019/05/07/135477/google-backs-a-bid-to-use-crispr-to-prevent-heart-disease/>

² <https://youtu.be/izFMU6uMALc>, 09:50-10:15

³ <https://youtu.be/izFMU6uMALc>, 12:40-12:56